

House Memorial 4

Sponsored by Representative HUNT; Representatives BAILEY, DOHERTY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Urges President and Congress to raise or eliminate percentage of assets cap on volume of member business loans credit unions may make.

HOUSE MEMORIAL

To the President of the United States and the Senate and the House of Representatives of the United States of America, in Congress assembled:

We, your memorialists, the House of Representatives of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas America's small businesses are the engine of growth for our nation's economy; and

Whereas the effects of the financial crisis of the past few years have spread to all types of lending and have resulted in a reduction in the availability of business credit; and

Whereas member-owned credit unions are a natural choice for business owners who face problems with gaining access to credit; and

Whereas the current percentage of assets cap for member business loans limits the effectiveness of credit unions in participating in Oregon's economic recovery; and

Whereas the percentage cap on the volume of member business loans that a credit union could originate or hold has existed only since 1998; and

Whereas credit union losses from member business loans are lower than losses from consumer credit loans, and the volume of member business lending grew 15 percent in the last year; and

Whereas both the Senate and the House of Representatives of the United States have introduced legislation that would increase the percentage cap for member business loans, raise the de minimus threshold for a loan to qualify as a member business loan and exempt loans credit unions make to nonprofit religious organizations and qualified underserved areas from the percentage cap; and

Whereas if the percentage cap on member business loans did not exist, credit unions could make up to an additional \$10 billion in business loans within a year's time, which represents a significant economic stimulus that does not come from taxpayer dollars; and

Whereas although strong regulatory oversight over member business lending is useful and necessary, no safety and soundness rationale exists for restricting member business lending as the percentage cap does now, and a countervailing reason exists to eliminate the percentage cap and return to the situation that existed before 1998, which is that America's small businesses need access to credit; and

Whereas a growing list of small business and public policy groups favor eliminating the percentage cap, including the Americans for Tax Reform, the Competitive Enterprise Institute, the Ford Motor Minority Dealers Association, the League of United Latin American Citizens, the Manufac-

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 tured Housing Institute, the National Association of Mortgage Brokers, the National Cooperative
2 Business Association, the National Cooperative Grocers Association, the National Farmers Union,
3 the National Small Business Association, the National Association of Realtors and the National
4 Association of Professional Insurance Agents; now, therefore,

5 **Be It Resolved by the House of Representatives of the State of Oregon:**

6 (1) The Congress of the United States of America is respectfully requested to enact, and the
7 President of the United States to sign, legislation that:

8 (a) Removes the percentage of assets cap on credit unions' ability to make member business
9 loans; or

10 (b) If a percentage of assets cap is necessary, raises the percentage amount of the cap to at most
11 25 percent of the assets of a credit union.

12 (2) A copy of this memorial shall be sent to the President of the United States and to each
13 member of the Oregon Congressional Delegation.

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